

November 6, 2015

VIA EMAIL

Ms. Lucy Sloman
Land Development Manager,
Development Services Department
City of Issaquah
PO Box 1307
Issaquah, WA 98027-1307

Re: Request for Administrative Minor Modification to Swedish Highlands Development Agreement to Allow Temporary Surface Parking Lot to Meet Swedish Medical Center Issaquah's Current Parking Needs

Dear Ms. Sloman:

Providence Health and Services ("Providence") and Swedish Medical Center – Issaquah Campus ("Swedish") request an Administrative Minor Modification (the "Modification") pursuant to the Swedish Highlands Development Agreement (the "Agreement") Appendix D, Section 6.2.

I. Modification Request.

The purpose of the Modification is to allow construction of a temporary surface parking lot with approximately 320 parking spaces at the northeast corner of the Seventh Avenue NE and NE Blakely Drive intersection. The proposed temporary surface parking lot will have two (2) security gates, one on each street, which will initially operate between 6 am and 10 am daily to initially accommodate physician parking and patient and visitor parking later. The gate operating times may be adjusted after the parking lot has been in operation to reflect Swedish Issaquah's current parking needs. The request for the additional parking spaces is within the cap for maximum parking allowed and will comply with all parking standards in Appendix G (Parking), landscape standards in Appendix H (Landscaping), and as many goals and guidelines in Appendices A and B as possible while accommodating this temporary yet urgent need.

Swedish proposes that the temporary surface parking lot be authorized for up to ten (10) years in two (2) phases. **Phase 1** will authorize the construction and operation of the temporary parking lot for five (5) years from the date of the Modification decision (October 2015 to October 2020). **Phase 2** will authorize a second five (5) year period (October 2020 to October 2025) for the temporary parking lot, provided Swedish requests the second phase no later than 180 days before the end of Phase 1 (October 2020) and meets all the following criteria:

1. Relevant conditions, as described in Exhibit 1, have not substantially changed since approval of the Modification whereby the temporary surface parking lot is still needed to accommodate on-going parking on the Swedish Issaquah campus. **Exhibit 1** is a PowerPoint presentation from Dr. Rayburn Lewis, Chief Executive Officer ("CEO") of Swedish Medical Center – Issaquah Campus, providing the rationale for the temporary surface parking lot. The presentation explains the urgent need for additional parking to accommodate current Swedish employees and attending medical staff; and,
2. Swedish Issaquah has prepared and received approval from the City of Issaquah for a Swedish Issaquah master plan (Site Development Permit) for the entire campus area laying out a conceptual plan for the use of the entire Development Agreement entitlement and property.
3. Swedish Issaquah or its assign has applied for and received a building permit for at least one new building, with a minimum size of 100,000 gross sq.ft., anywhere within the Swedish Issaquah Development Agreement project area; and,

If the three criteria to initiate Phase 2 are not met, and thus Phase 2 may not commence, or at the conclusion of the allotted Phase 2 time period, unless all or a portion of the parking lot is included in the approved master plan, the temporary parking lot shall be a) removed and returned to a stable, undeveloped condition or b) replaced by other structures or facilities. If Swedish Issaquah or Providence fails to remove or replace the temporary parking lot at the end of Phase 1, if required, or at the end of Phase 2, the provisions of the Development Agreement, Main Body, Section 20.16 Disputed Resolution shall be exercised by the Parties to resolve the dispute.

II. Modification Request Context.

While parking lots are an allowed use within the Swedish Issaquah Development Agreement, the location of this temporary surface parking lot does not comply with some of the agreement's goals and guidelines for locating a parking lot, e.g. Appendix A, Goals 2.1.1, 2.1.4, 3.1.1; Appendix B, Guidelines 2.1.8, 2.1.12, 6.1.1, 6.3.2. While Swedish Issaquah respects its commitment to the Development Agreement and the partnership with the City, this Modification request is required to address an urgent need for additional off-street parking to serve the existing Swedish Medical Center – Issaquah Campus, prior to the construction of structured parking or permanent surface lots in other parts of the campus, which comply with the Agreement.

The need for the temporary surface parking lot was not foreseen when Swedish and the City entered into the Development Agreement in 2013. Since then, Swedish's role as the preeminent medical facility on the east side has caused increased use of the medical facility. This increased use, in turn, has generated additional employees, patients and visitors which, in turn, create the current need for additional parking. The temporary surface parking lot allows the medical

facility to remain a vital and economically viable part of the Issaquah community because it will provide additional parking initially for Swedish employees and later patients and visitors, thus assuring that the medical facility is capable of accommodating parking so that employees, patients and visitors can use the medical facility. Thus the purpose of the request is to bridge between the existing circumstances and functional needs of the current campus while Swedish Issaquah and Providence determine where and how to construct buildings and parking facilities consistent with the Development Agreement. Consistent with the Issaquah Highlands Guiding Principle of Vitality, Flexibility, and Collaboration and Appendix A Goal 5.1 of Collaborative Partnership for Economic Vitality this modification will ensure a strong partnership between Swedish Issaquah and the City of Issaquah for one of the City's largest employers and essential community facilities.

III. Modification Approval Standards.

Appendix D, Section 6 establishes a variety of methods for modifying the Development Agreement depending on the nature of the request. Because the request does not meet the definition of an Action Memo (Section 6.1) or a Major Modification (Section 6.3), it would be processed as an Administrative Modification (Modification) per Section 6.2. Appendix D, Section 6.2.2, provides that the Modification is reviewed against the criteria established in the Appendix containing the modification request, unless there are no modification provisions. Since the elements of the Development Agreement which the request is in conflict with are in Appendices A and B, which do not contain modification criteria, the Modification is reviewed for compliance with Appendix A, "Guiding Principles and Goals," Appendix B, "Design Guidelines," and Main Body Section 18.1. The Designated Official is authorized to approve the Modification pursuant to the procedures set forth in Appendix D if the proposed amendment is consistent with the relevant criteria and vision in Appendix B.

In addition to the responses to the approval standards below, two points support the approval of the modification. First, Swedish is not asking for a waiver to the Parking standards in Appendix G and Landscaping standards in Appendix H, nor many of the goals and guidelines in Appendices A and B. Swedish will work with the City to assure that the relevant landscaping and parking lot standards for the lot are satisfied.

Second, because not all of the Guidelines may be able to be satisfied and because a temporary surface parking lot was not anticipated when the Development Agreement was approved, this Modification is necessary. The Development Agreement anticipated unforeseen needs such as this and is intended to provide flexibility to support the economic and social benefits of the Issaquah medical facility.

A. Response to Main Body, Section 18.1, "Flexibility Objectives."

Main Body, Section 18.1 provides as follows: "The Project described in this Agreement, including the exhibits, attachments, figures and appendices, provides the desired initial definition and certainty of the Project concept. However, the Parties acknowledge modifications to the Project will occur during the Build-Out Period. Therefore, Flexibility Objectives have been incorporated into this Agreement, including: incorporating new information; responding to the changing community and market needs; encouraging creativity and innovation; and encouraging modifications that provide comparable benefit or functional equivalents with no significant reduction of public benefits or environmental protection to the Project. (Collectively "Flexibility Objectives")."

RESPONSE: This request is appropriate under the concept of Flexibility Objectives for the following reasons.

1. *Incorporate new information:* The request is based on new information not available to or anticipated by Swedish or the City during the preparation and approval of the Development Agreement in 2013.
2. *Responding to the changing community and market needs:* The temporary parking lot responds to changing community and market needs. The growth of the medical facility has outstripped its ability to provide efficient and needed parking, using the existing on-site and on-street parking. The temporary surface parking lot will accomplish that purpose while not prohibiting the more efficient and intense use of the property at a later date consistent with the Development Agreement's provisions.
3. *Encouraging modifications that provide comparable benefit or functional equivalents with no significant reduction of public benefits or environmental protection to the Project:* The comparable benefit is to provide adequate parking within the range of allowed parking, which the proposal does. The hospital and medical office buildings have made the most of both the off-street and on-street parking, as the Development Agreement suggests, and resisted building potentially unnecessary parking, until it was demonstrated it was necessary to function successfully. This incremental construction in response to actual needs is consistent with the vision of the Development Agreement. While the construction of the lot in a prominent location is not consistent with the agreement, as a temporary facility responding to a demonstrated need, the modification balances a number of priorities during this transition time. A lot located in other campus locations would not meet the physician and patient needs in manner, which would alleviate the defined problem. By constructing the lot in compliance with Appendix G, Parking, and Appendix H, Landscape, standards, some of the negative impacts will be reduced.

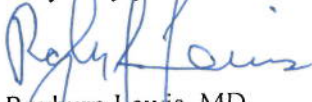
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In addition, the temporary surface parking lot is consistent with the desire of Swedish and the City to see the medical facility maintain its status as the preeminent medical facility on the east side. In order to do so, there must be adequate parking for employees and patients. Also the temporary parking lot will be constructed by meeting applicable environmental standards, including those addressing stormwater quantity and quality, noise during construction, and dust during construction. Moreover, the temporary surface parking lot will not be permanent.

IV. Conclusion.

For the reasons contained in this letter, Swedish requests that the Designated Official approve this Modification, including the two (2) phase approval. On behalf of Swedish, we look forward to working with the City to a successful outcome on this Modification request.

Very truly yours,



Rayburn Lewis, MD
Swedish Issaquah CEO



David Chung
Providence Director of Real Estate, Western Division

Enclosures

cc: Ms. Karen Weylandt (via email) (w/ encl.)
Mr. Richard Brayton (via email) (w/ encl.)
Mr. Mike Schaal (via email) (w/ encl.)
Ms. Jamie Goodwin (via email) (w/ encl.)